

WEST VIRGINIA INFORMATIONAL LETTER

NO. 35

MARCH 1, 1986

TO: ALL INSURANCE COMPANIES LICENSED TO TRANSACT PROPERTY-CASUALTY INSURANCE BUSINESS IN WEST VIRGINIA

RE: CANCELLATION OR NON-RENEWAL OF AUTOMOBILE LIABILITY OR PHYSICAL DAMAGE INSURANCE POLICIES

It has come to the attention of this Department that insurance companies may be cancelling or non-renewing certain automobile liability insurance policies for reasons not outlined in Chapter 33, Article 6A of the West Virginia Insurance Laws.

Chapter 33, Article 6A of the West Virginia Insurance Laws clearly details the reasons for which an automobile liability policy may be cancelled or nonrenewed. The cancellation protections specified in Section 1 of that Article are applicable after the policy has been in effect for sixty days or longer; the nonrenewal protections specified in Section 4 of the Article are applicable after the policy has been in effect for two years or longer. After these time periods, an automobile liability policy may be cancelled or nonrenewed only for the reasons specified in the statute. The termination of the relationship between an insurance company and an agent is not a permissible reason for cancellation or nonrenewal under the statute. Thus, a policyholders coverage may not be cancelled or nonrenewed after the time periods noted above based solely upon the fact that his or her agent no longer represents the issuing insurer.

It has become evident to this office through information contained in consumer complaints that the burden of continuing coverage has been placed on the consumer. The insurer, not the policyholder, has the responsibility to arrange for continuation of coverage under the existing policy.

This office strongly suggests that your company review its treatment of policyholders in cases in which an agents relationship is discontinued. Procedures which may presently be in place and which cause cancellation or nonrenewal of policies described above are in violation of the Insurance Code and could subject the company to disciplinary action by this Department.

We request that no later than April 15, 1986, your company file procedures which will indicate compliance with this Informational Letter.

Please direct this correspondence and/or any questions to Wanda Smith, Director Consumer Service Division, at 2100 Washington Street, East, Charleston, WV 25305, or by telephone (304) 348-3386.

Fred E. Wright
Insurance Commissioner